

Liability Claims: 10 Tips And Reminders

Insurance is not a city's first language, and it should not be. Most communities rely on insurance professionals to provide accurate, up-to-date information so local officials and employees can address their primary jobs of running the city. Liability claims for city operations can be frustrating, and they can run the gamut from workers' compensation claims to bodily injury claims to errors and omissions on behalf of elected or appointed officials (and let's not forget about those employment practices claims). All of these claims have different nuances and different laws that apply. Regardless of the line of coverage, there are some intrinsic reminders to keep in mind regarding your city's approach to its exposures. Whether your city is self-insured, belongs to a self-insurance pool or purchases coverage from a commercial insurer, many of the following points apply.

10) Report all claims promptly – Even if you think the claim lacks merit, turning in a claim promptly can help ensure the adjuster is able to reach individuals involved before memories fade or facts change.

9) Documentation of risk management is key – Simply saying that inspections or maintenance was done is not enough in today's litigation. Being able to show that certain inspections or maintenance was performed on a certain date/time is crucial for the defense of claims.

8) Liability claims are not paid at replacement cost value (RCV) – This might seem simple, but many claimants (and some insureds) believe that making the claimant whole is fully replacing their damaged property. However, making the claimant whole means paying for the value of the damaged item at the time of the loss.

7) A denial of liability is not a denial of coverage – Liability denial means the insurance provider does not believe the insured is legally liable for the damages caused in an accident. A coverage denial means that a particular accident has not triggered a condition of the insurance coverage by which a claim should be considered.

6) Videos and other recordings are priceless – Always maintain copies of any kind of recording (audio, visual, pictorial, etc.) for the claims or litigation process.

5) Just because an injury occurs at work, does not automatically make it a compensable injury covered by workers' compensation – The injury must arise out of and in the course and scope of employment.

4) Secure physical evidence to mitigate future claims – Sometimes evidence is crucial for proving a claim. Securing the evidence in an enclosed, locked area and maintaining a chain of custody can prevent headaches from accusations of spoliation down the road.

3) Be aware of the publicity of certain claims – It might be necessary to hire a PR firm in order to quell negative sentiment in your area. The city should always have an individual appointed as a spokesperson so that a single, approved message is disseminated from the city.

2) E+R=O – If you've read Jack Canfield's leadership materials, you recognize this formula. The formula stands for Events + Response = Outcome. Our response to incidents can have a dramatic effect on how a claim flows. Generally speaking, if city personnel respond well to an incident, from beginning to end, then the claim goes well. If city personnel respond poorly to an incident, then the claim does not go as well.

1) Know your coverage – Be extremely aware of underlying excess or reinsurance conditions, guidelines and exclusions. Understanding your coverages will help you make the most of your protection and will provide a focus for the direction of your risk management efforts.

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